

_____ BILL NO. _____

INTRODUCED BY _____
(Primary Sponsor)

A BILL FOR AN ACT ENTITLED: "AN ACT INCREASING THE AGGREGATE EXEMPTION FOR CLASS EIGHT BUSINESS EQUIPMENT FROM \$5,000 TO \$50,000; AMENDING SECTION 15-6-138, MCA; AND PROVIDING AN APPLICABILITY DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 15-6-138, MCA, is amended to read:

"15-6-138. (Temporary) Class eight property -- description -- taxable percentage. (1) Class eight property includes:

(a) all agricultural implements and equipment that are not exempt under 15-6-201(1)(bb);

(b) all mining machinery, fixtures, equipment, tools that are not exempt under 15-6-201(1)(r), and supplies except those included in ~~class five~~ 15-6-135;

(c) all oil and gas production machinery, fixtures, equipment, including pumping units, oil field storage tanks, water storage tanks, water disposal injection pumps, gas compressor and dehydrator units, communication towers, gas metering shacks, treaters, gas separators, water flood units, gas boosters, and similar equipment that is skidable, portable, or movable, tools that are not exempt under 15-6-201(1)(r), and supplies except those included in ~~class five~~ 15-6-135;

(d) all manufacturing machinery, fixtures, equipment, tools, except a certain value of hand-held tools and personal property related to space vehicles, ethanol manufacturing, and industrial dairies and milk processors as provided in 15-6-201, and supplies except those included in ~~class five~~ 15-6-135;

(e) all goods and equipment that are intended for rent or lease, except goods and equipment that are specifically included and taxed in another class;

(f) special mobile equipment as defined in 61-1-104;

(g) furniture, fixtures, and equipment, except that specifically included in another class, used in commercial establishments as defined in this section;

(h) x-ray and medical and dental equipment;

(i) citizens' band radios and mobile telephones;

1 (j) radio and television broadcasting and transmitting equipment;

2 (k) cable television systems;

3 (l) coal and ore haulers;

4 (m) theater projectors and sound equipment; and

5 (n) all other property that is not included in any other class in this part, except that property that is
6 subject to a fee in lieu of a property tax.

7 (2) As used in this section, "coal and ore haulers" means nonhighway vehicles that exceed 18,000
8 pounds per axle and that are primarily designed and used to transport coal, ore, or other earthen material in a
9 mining or quarrying environment.

10 (3) "Commercial establishment" includes any hotel; motel; office; petroleum marketing station; or
11 service, wholesale, retail, or food-handling business.

12 (4) Class eight property is taxed at 3% of its market value.

13 (5) (a) If, in any year beginning with tax year 2004, the percentage growth in inflation-adjusted Montana
14 wage and salary income is at least 2.85% from the year prior to the base year, then the tax rate for class eight
15 property will be reduced by 1% each year until the tax rate reaches zero.

16 (b) For each tax year, the base year is the year 3 years before the applicable tax year and the target
17 year is the year 2 years before the applicable tax year.

18 (c) The department shall calculate the percentage growth in subsection (5)(a) by October 30 of each
19 target year by using the formula $(W/CPI) - 1$, where:

20 (i) W is the Montana wage and salary income for the calendar base year divided by the Montana wage
21 and salary income for the calendar year prior to the base year; and

22 (ii) CPI is the consumer price index for the calendar base year used in subsection (5)(c)(i) divided by
23 the consumer price index for the year prior to the most current calendar year prior to the base year used in
24 subsection (5)(c)(i).

25 (d) For purposes of determining the percentage growth in subsection (5)(a), the department shall use
26 the bureau of economic analysis of the United States department of commerce Montana wage and salary
27 disbursements, fall SA07 (state annual) for the target year wage and salary data series.

28 (e) Inflation must be measured by the consumer price index, U.S. city average, all urban consumers
29 (CPI-U), using the 1982-84 base of 100, as published by the bureau of labor statistics of the United States
30 department of labor.

(6) The class eight property of a person or business entity that owns an aggregate of ~~\$5,000~~ \$50,000 or less in market value of class eight property is exempt from taxation. (Repealed on occurrence of contingency--secs. 27(2), 31(4), Ch. 285, L. 1999.)"

NEW SECTION. **Section 2. Applicability.** [This act] applies to property tax years beginning after December 31, 2005.

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